

THE ATLANTA ECONOMIC REVIEW

JANUARY, 1955
VOL. V NO. 1

Published monthly as a service to Atlanta citizens by the Division of Research, School of Business Administration, Atlanta Division, University of Georgia.

Assistance The FBI Can Render Business

By
J. K. MUMFORD*

One of the first of the "luxury tramps" to touch our shores following the capitulation of the Axis Powers was the Yaka. As she slid to her mooring at Pier 6, East River, New York, scores of importers, retailers, and the consuming public awaited her cargo which included such items as perfumes, liqueurs, watches, and watch movements.

Also awaiting the arrival of the Yaka were the pier thief and his inseparable associate, the "fence" of stolen property. The European counterpart of this American pair had already delved deeply into the Yaka's cargo. During the loading operations at Le Havre, France, widespread pilferage had occurred; cases had been broken and the contents looted.

The pier thief in New York was not to be outdone by the criminals on the French waterfront. Excessive "bad order" cargo was noticed by customs officials, and on November 29, 1945, when a cursory count was completed, it was determined that 9,879 watches, 10,712 watch movements, 4,900 cigarette lighters, and hundreds of other items were missing. The total United States market value of the loot was approximately \$515,000. The loss to the shippers amounted to a quarter of a million dollars.

The New York Office of the FBI was notified of the cargo thefts, and Special Agents immediately filtered into jewelry circles. Approximately two weeks after the arrival of the Yaka, a Brooklyn bookmaker and a New York clothing store proprietor were arrested in the act of attempting to sell 1,300 of the stolen watches to a man who claimed

to be a "fence." The "fence" actually was a Special Agent of the FBI.

Continued investigation resulted in the arrest of two brothers who operated a watch repair shop in Brooklyn. In February, 1946, a Special Agent, posing as a prospective buyer, learned from the brothers of the availability of 2,000 "hot" watch movements. On February 25, 1946, the Special Agent "buyer" returned to the brothers' store and made arrangements to obtain 57 movements. The brothers then were taken into custody, and a quantity of the loot was found in their possession.

The FBI's investigation of the Yaka looting continued for more than three years. By the time of its completion, 14 persons had been convicted for violation of the Theft From Interstate Shipment Statute, and thousands of dollars worth of merchandise stolen from the Yaka was recovered.

The looting of the Yaka is but one example of the underworld activity which is directed against American business interests. Crime contributes significantly to the overhead of all types of commercial firms in the United States. The petty thief, the embezzler, the armed robber, the confidence man, the burglar, and other types of criminals continuously prey upon business enterprises, increasing costs of operation and market prices and decreasing legitimate profits.

The toll of merchandise and other tangible assets which are lost to the underworld each year cannot be precisely computed. An indeterminable number of losses are not reported to law enforcement agencies, and many thefts are not recognized as such; that is, they are considered "mysterious disappearances," "accidental misplacements," or losses due to other causes which are not directly related to crime.

Based upon Uniform Crime Reports submitted to the FBI by law enforcement agencies throughout the United States, it is estimated that more than

**Mr. J. K. Mumford is the Special Agent in Charge of the Atlanta Field Office of the Federal Bureau of Investigation. Mr. Mumford wrote this article at the suggestion of Dr. Henry C. Pepper, Chairman of the Division of Public Administration, Atlanta Division of the University of Georgia, who mentioned to Mr. Mumford that an article on the relationship between the FBI and business might be very interesting and worthwhile.*

\$400,000,000 was lost in property crimes during 1953. This figure does not take into account the indirect losses which resulted from property crimes. For example, no effort has been made to account for the inconveniences caused, the good will lost, and the time and funds expended in attempting to trace missing property before it was determined to have been stolen.

Law enforcement agencies in 400 cities with populations totaling nearly 55,000,000 furnished reports to the FBI reflecting the following average losses in crimes against property during 1953: Robbery, \$222 per offense; burglary, \$163 per offense; larceny, \$76; and automobile theft, \$1,038. A total of 1,005,929 property crimes—involving losses of \$224,552,605—were reflected in the reports of the 400 cities.

The reports of the larger cities showed that furs comprised 3.1 per cent of the property stolen; jewelry and precious metals, 7.6 per cent; currency and other negotiables, 11.5 per cent; clothing and miscellaneous items, 21.2 per cent; and motor vehicles, more than 56 per cent.

A quarter-century ago, statistics such as those above were not available. There was no organized system of crime reporting on a national basis, and many members of the law enforcement profession gave no thought to the value of having such statistics available for their information and assistance.

Today Uniform Crime Reports bulletins are published semiannually and annually by the FBI, providing law enforcement agencies a yardstick for measuring the crime conditions in the communities they serve and enabling officers to compare the crime problems in their communities with those elsewhere in the nation.

This statistical data has also enabled law enforcement to complete detailed analyses of special aspects of crime. For example, we have determined that crime has seasonal aspects. Murders, rapes, and aggravated assaults have been found to occur much more frequently in the warm summer months than in late fall and winter. On the other hand, negligent manslaughter which is another type of crime against the person reaches its peak in the cold months. Deaths resulting from the grossly negligent operation of motor vehicles account for a great many crimes in this category. Thus, in the cold, dark months of the year, when visibility generally is poorer and driving conditions tend to be more hazardous, negligent manslaughter rates are high.

Seasonal variations in some categories of crimes against property are less pronounced than is true of crimes against the person. Generally speaking, however, property crimes are highest during the fall and winter—the darkest months of the year. To the businessman this should mean, "Keep your guard up all year long, but raise it even higher as the days grow shorter and the nights become longer."

THE ROLE OF THE FBI

The Federal Bureau of Investigation is the investigative arm of the United States Department of Justice. It has jurisdiction over some 140 Federal investigative matters, encompassing both general investigations and domestic intelligence operations. The facts gathered by Special Agents are reported to the Department of Justice and/or to other agencies of the Executive Branch of the Federal Government for evaluation and decisions as to prosecutive or administrative action. Since the FBI is strictly a fact-finding and fact-reporting agency, it does not make prosecutive decisions, render opinions as to the guilt or innocence of criminal suspects, or recommend the hiring, retention in office, or discharging of employees of the Government or private industry.

Besides the offenses investigated by the FBI, a number of Federal violations of interest to businessmen are within the jurisdiction of other Federal agencies. These include such matters as counterfeiting, illegal trafficking in narcotics and alcoholic beverages, Federal tax violations, and smuggling. It further is important to note that the FBI may not investigate violations of state or local laws even though requested to do so.

An important supplemental activity of the FBI is found in the cooperative services which the FBI

ATLANTA ECONOMIC REVIEW

Published monthly by the

Division of Research, School of Business Administration
Atlanta Division, University of Georgia
24 Ivy Street, S. E., Atlanta 3, Ga.

School of Business Administration
George E. Manners, Dean

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Paul H. Rigby, Ph.D., Director of the Division and
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makes available to other law enforcement agencies. Under the leadership of J. Edgar Hoover, who has been Director of the FBI since 1924, thousands of cost-free services are provided each year to municipal, county, and state police and to other Federal agencies. These include scientific examinations of evidence in criminal cases, fingerprint identifications and comparisons, and assistance in the training of both newly appointed and veteran officers. It is Mr. Hoover's firm conviction that law enforcement agencies must cooperate closely with each other if they are to effectively fulfill their responsibilities. He has instructed that all assistance which is consistent with the FBI's authority is to be extended to other member of the law enforcement profession.

SCIENCE VERSUS CRIME

In 1952 a very unusual case came to the attention of the FBI Laboratory, illustrating how law enforcement has adapted science to the benefit of business organizations and to the detriment of crime. This case originated during the Fall of 1951, when the Omaha, Nebraska Police Department received a series of burglary complaints from super markets. The method of operating in each burglary was similar and all efforts to solve the burglaries failed. On the morning of March 19, 1952, the following spring, another grocery store burglary was reported. Again, the technique used by the burglars was similar to that used in the grocery store burglaries reported the previous Fall; however, in this instance one of the burglars left behind a highly important bit of evidence.

During the burglary, one of the criminals had bitten into a package of cheese and left the remainder on the meat counter. An alert officer found the package of cheese and noticed that it bore distinct teeth marks. The package of cheese was taken to a dental laboratory where a mold was made of the teeth impressions.

On April 10, 1952, the Omaha Police arrested five men in connection with the burglary of another store. Each of these suspects was asked to bite into packages of cheese identical with that found at the scene of the previous burglary. These packages of cheese, together with molds made from them, were sent to the FBI Laboratory along with the piece of cheese and teeth impression mold from the previous burglary.

In the FBI Laboratory, it was determined that the teeth impressions of one of the suspects corresponded in size, alignment, shape, and location of teeth with the teeth impressions in the original evidence. Based upon these findings, the suspect was charged with the burglary which had taken place on March 19, 1952. When his case was brought to trial in local court in February, 1953, a Special Agent from the FBI Laboratory was on hand to testify. The defendant changed his plea to guilty, however, and he received a seven-year sentence.

It is unusual indeed for the FBI Laboratory to

be called upon to examine teeth impressions, but Laboratory technicians are called upon constantly to examine toolmark impressions found at crime scenes and to identify the tools used in perpetrating crimes.

For example, during the early morning hours of August 21, 1952, police officers were called to a coal dealer's office in Lima, Ohio, by an individual who had seen an unknown person at the rear of the building. The officers found that the office had been entered and a dial knocked from a safe. Tear gas, which was in the safe as a protective device, apparently had driven off the burglar before he could loot the safe.

Near the building the officers found a sledge hammer with a shortened handle. Retaining this as possible evidence, they began cruising around the neighborhood on the chance that the burglar might still be in the vicinity. They soon found a man near the railroad yards close by who gave a doubtful excuse for his presence there. After questioning him, they remanded him to jail on charges of trespassing.

A search of this man's room disclosed a piece of wood which appeared to be approximately the same length as the piece missing from the handle of the sledge hammer found near the coal dealer's office. This piece of wood, along with the other evidence collected by the officers, was sent to the FBI Laboratory.

At the suspect's trial, a Laboratory examiner testified that the piece of wood in the suspect's room had been sawed from the handle of the sledge hammer. He further testified that as a result of his comparison of microscopic toolmarks on the dial knob of the safe, he was able to identify this sledge hammer as the one used to knock the knob from the safe. This testimony contributed significantly to the jury's arriving at a verdict of guilty.

Through the FBI Laboratory, the latest scientific crime detection techniques have been made available to all authorized law enforcement agencies in the United States. In the hands of the Laboratory's skilled technicians, a chip of paint from the clothes of a hit-and-run victim may identify the make and model of the assailant's automobile; a fraudulent check artist may be identified through handwriting specimens in the National Fraudulent Check File; erased, obliterated, or faded writing may be restored and read; and particles of evidence too small to be seen with the naked eye may identify the perpetrators of crimes. Whether the evidence pertains to a Federal violation within the FBI's jurisdiction, or whether it involves an offense which is strictly local in nature, the FBI Laboratory will conduct the examinations without charge.

Within weeks of his appointment as Director of the FBI, Mr. Hoover established the Identification Division which serves as a central clearinghouse for fingerprint identifying data in the United States. When the Identification Division was founded in



DECEMBER ATLANTA AREA ECONOMIC INDICATORS

ITEM	Dec. 1954	Nov. 1954	% Change	Dec. 1953	% Change
EMPLOYMENT					
Job Insurance (Unemployment) Payments -----	\$336,183	\$294,780	+14.0	\$272,336	+23.4
Job Insurance Claimants† -----	5,073	4,721	+7.5	5,599	-9.4
Total Non-Agricultural Employment -----	309,650	305,850*	+1.2	306,300	+1.1
Manufacturing Employment -----	81,300	81,500*	-0.2	79,500	+2.3
Average Weekly Earnings, Factory Workers -----	\$65.93	\$65.77*	+0.2	\$62.62	+5.3
Average Weekly Hours, Factory Workers -----	40.7	40.6	+0.3	40.4	+0.7
Number Help Wanted Ads -----	5,505	6,668	-17.4	5,023	+9.6
CONSTRUCTION					
Number Building Permits City of Atlanta -----	624	635	-1.7	512	+21.9
Value Building Permits City of Atlanta -----	\$6,822,799	\$7,218,847	-5.5	\$3,204,531	+112.9
Employees in Contract Construction -----	18,350	18,300*	+0.3	15,200	+20.7
FINANCIAL					
Bank Debits (Millions) -----	\$1,501.6	\$1,322.3	+13.6	\$1,358.7	+10.5
Total Deposits (Millions) (Last Wednesday) -----	\$1,036.6	\$1,025.4	+1.1	\$994.9	+4.2
POSTALS					
Postal Receipts -----	\$1,935,640	\$1,528,235	+26.7	\$1,958,059	-1.1
Poundage 2nd Class Mail -----	1,246,645	1,433,368	-13.0	1,238,518	+0.7
OTHER					
Department Store Sales Index (Adjusted) (1947-49=100) -----	149	137	+8.8	135	+10.4
Retail Food Price Index (1947-49=100) -----	110.0	110.5	-0.5	112.7	-2.4
Number Telephones in Service -----	254,686	253,395	+0.5	243,515	+4.6
Number Local Calls Per Day -----	1,855,895	1,788,056	+3.8	1,768,475	+4.9

N.A.—Not Available *Revised
‡City of Atlanta only.

†Claimants include both the unemployed and those with job attachments, but working short hours.

Sources: All data on employment, unemployment, hours, and earnings: Employment Security Agency, Georgia Department of Labor; Number Help Wanted Ads: Atlanta Newspapers, Inc.; Building permits data: Office of the Building Inspector, Atlanta, Georgia; Financial data: Board of Governors, Federal Reserve System; Postal data: Atlanta Post Office; Retail Food Price Index: U. S. Department of Labor; Department Store Sales and Stocks Indexes: Federal Reserve Bank of Atlanta and Board of Governors, Federal Reserve System; Telephones in Service: Southern Bell Telephone and Telegraph Company.



January Through December, 1953 and 1954

1954	1953	ITEM	% Change
66,065	36,553	Job Insurance Claimants -----	+80.7
15,971	14,204	No. Construction Employees* -----	+12.4
\$17,343,522	\$15,447,236	Postal Receipts, Atlanta Post Office -----	+12.3
\$87,541,690†	\$80,950,592	Value Building Permits, City of Atlanta -----	+8.1
N.A.	N.A.	Department Store Stocks** -----	+6.0
15,800,863	15,012,461	Poundage 2nd Class Mail, Atlanta Post Office -----	+5.3
\$15,463.7	\$14,789.9	Bank Debits (Millions) -----	+4.6
254,686	243,515	Telephones in Service** -----	+4.6
\$1,036.6	\$994.9	Total Deposits (Millions)** -----	+4.2
N.A.	N.A.	Department Store Sales, Based on Dollar Amounts ---	+4.0
298,154	292,571	Total Non-Agricultural Employment* -----	+1.9
\$63.10	\$62.97	Average Weekly Earnings, Factory Workers* -----	+0.2
78,746	78,804	No. Manufacturing Employees* -----	-0.1
110.0	112.7	Retail Food Price Index (December) -----	-2.4
39.8	40.8	Average Weekly Hours, Factory Workers* -----	-2.5
9,720	10,506	Number of Building Permits, City of Atlanta -----	-7.5
79,859	110,777	Number Help Wanted Ads -----	-27.9

†Special ruling permits construction of \$20,500,000 Grady Hospital addition without permit. If included, total above is \$108,041,690 and the change becomes plus 33.5%.

*Average Month

**End of Period

N.A.—Not Available

Sources: Same as page 4

July, 1924, its files consisted of approximately 810,000 sets of fingerprints. Today, there are more than 133,000,000 sets of fingerprints on file in the Identification Division; and an average of approximately 19,000 fingerprint cards are received for processing each work day from some 12,600 contributing agencies.

Substantially every law enforcement agency in the United States submits fingerprints of arrested persons to the FBI. If the person has a previous fingerprint arrest record, the available data concerning this record is furnished to the contributing agency. Frequently, habitual offenders do not give their true names when arrested. No matter what aliases they adopt, however, their fingerprints disclose their true identities if they have previous fingerprint records.

In addition, the Identification Division places "stop notices" in its files against the fingerprints of fugitives whose apprehensions are sought by municipal, county, state, or Federal law enforcement agencies. Information which is received relative to the whereabouts of such fugitives is immediately sent to the interested agencies. In this manner, thousands of fugitives are identified and their apprehensions facilitated each year.

The amassing of fingerprint records at the Identification Division has also proved valuable in solving individual crimes committed by unknown individuals. For example, in September, 1952, the FBI received a letter from a Post Office Inspector in New York City advising that an unknown person had cashed a check which had been stolen from the payee's mail box. The letter also advised that the proprietor of the store in which the check was cashed had prudently obtained the right hand finger impressions of the unknown individual.

Using the impressions from the right hand of the person who cashed the check, fingerprint experts of the Identification Division set to work. It was necessary to examine thousands of fingerprint records; but on the basis of his prior fingerprint arrest record, the check passer was identified and the available information concerning him was sent to the Post Office Inspector in New York.

In addition to assisting in the identification of violators of the law, the fingerprints on file in the Identification Division also are of value in non-criminal matters. For example, amnesia victims and the bodies of unknown dead frequently are identified through fingerprints in the FBI's custody. Since fingerprints begin to form before birth and do not change throughout life, they constitute an irrefutable means of identification for criminals and law-abiding citizens alike.

CRIMES INVESTIGATED BY THE FBI

The following is a summary of a few of the more prevalent Federal violations which may come to the attention of American business enterprises in the course of the regular work day:

Interstate Transportation of Stolen Property—Persons who transport property valued at \$5,000 or more across state lines, knowing that the property has been stolen, converted or taken by fraud, are guilty of a Federal violation within the FBI's jurisdiction. It further is a Federal offense to receive, conceal, store, barter, sell, or dispose of such property with guilty knowledge of its stolen character.

Theft from Interstate Shipment—Federal law provides penalties for the theft or embezzlement of baggage, freight or other goods which are being transported in interstate or foreign commerce, as well as for the theft, embezzlement or willful misappropriation of funds or credits of common carriers by their officers or employees, as specified in the statutes.

Fraudulent Checks—Persons who utter fraudulent checks, other than "true name" checks, which are drawn against a bank in another state, or which have passed through another state en route to the bank against which drawn for clearance, are guilty of a violation within the FBI's jurisdiction.

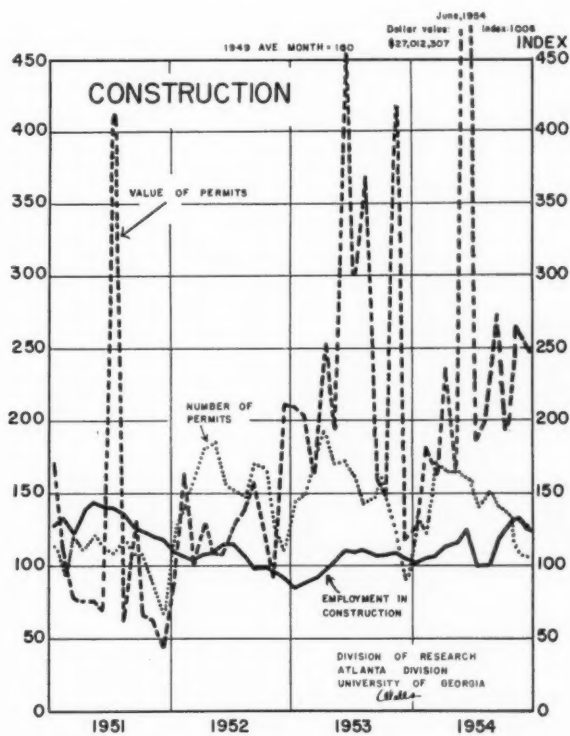
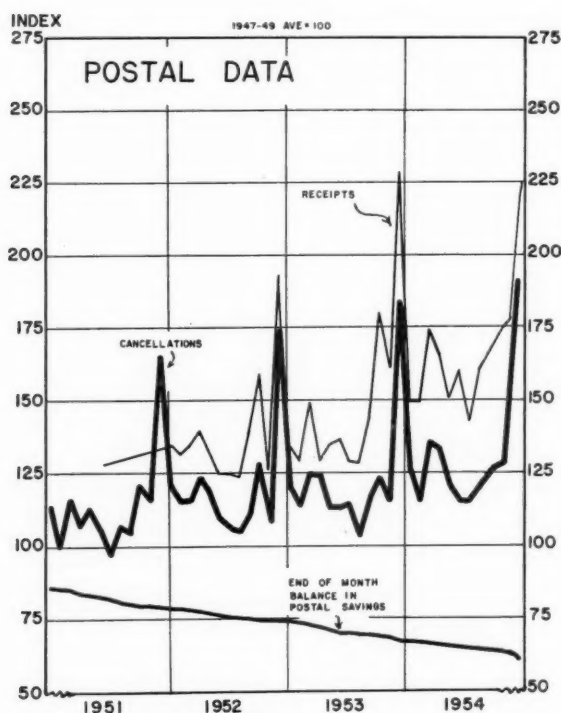
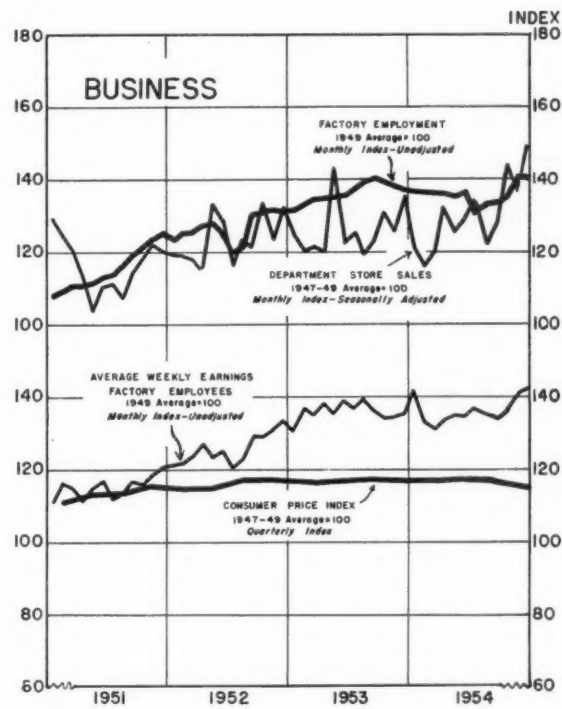
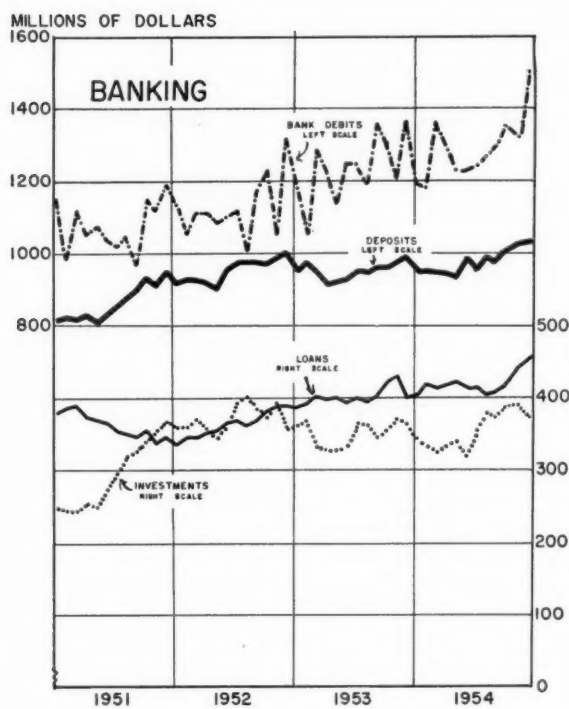
Interstate Transportation of Stolen Motor Vehicles or Aircraft—The interstate transportation of a stolen motor vehicle or aircraft, with guilty knowledge of its stolen character, is a Federal violation. In addition, persons who receive, conceal, store, barter, sell, or dispose of such motor vehicles or aircraft, with guilty knowledge of their stolen character, have violated the Federal Law.

Impersonation and Illegal Wearing of Uniform and Military Insignia—Confidence men and other types of criminals frequently pose as Federal employees or don the uniform of one of the armed services. As defined in Federal law, such actions may be violations within the FBI's investigative jurisdiction.

Among the provisions of the Anti-Racketeering Act and the Labor Management Relations Act of 1947 which are within the FBI's jurisdiction are those which provide penalties for acts of labor racketeering on the part of employers, employees, or employees' representatives. The activities prohibited include interfering with interstate commerce by robbery or extortion and the giving of gratuities by employers to representatives of employees, as well as the soliciting or accepting of such gratuities by employees' representatives.

Other matters investigated by the FBI which are of special interest to various businesses include: antitrust violations; bribery of Federal employees; copyright matters; extortion; Federal Reserve Act violations; fraud against the Government; interstate transportation of lottery tickets, prison made goods, obscene literature, or stolen cattle; National Bankruptcy Act violations; selective service violations (including re-employment rights); theft of Government property; and white slavery.

METROPOLITAN AREA BUSINESS AT A GLANCE



Note: Building Permits data and postal data are for area within Atlanta City limits. This area was 36,860 sq. miles in 1951; 117,862 sq. miles on March 1, 1953; 126,968 on December 31, 1953; and 126,997 on January 1, 1954.

Sources: **Banking data:** Board of Governors of the Federal Reserve System and the Federal Reserve Bank of Atlanta; **Postal data:** Atlanta Post Office; **Construction data:** Office of the Building Inspector of Atlanta and Georgia Department of Labor; **Business data:** Federal Reserve Bank of Atlanta, Georgia, Georgia Department of Labor and U. S. Department of Labor.

THE HALL CARBINE AFFAIR: A STUDY IN CONTEMPORARY FOLKLORE By R. Gordon Wasson (Rev. ed., Pandick Press, New York, 1948).

Historians have often repeated the story that J. P. Morgan either began or helped to begin his successful career as a financier by selling five thousand defective Hall carbines to the United States Army during the early days of the War Between the States. Further, it is alleged that Morgan extracted excessive profits from the government by buying the rifles from a Federal arsenal for \$3.50 and selling them a short time later for \$22.00 each. Those historians who accepted the story as true have concluded that Morgan was an unpatriotic swindler who used his ill-gotten gains to build a financial empire.

R. Gordon Wasson, in his book, **THE HALL CARBINE AFFAIR**, thoroughly explodes the myth about the arms transaction. In a well documented and moderately written story, he establishes clearly what actually happened in 1861 and then explains how the legendary version came to be called "history." By so doing, Wasson has contributed substantially to the revision of American business history.

The August, 1954, issue of the **Atlanta Economic Review** carried an article on "The Businessman's Stake in the Rewriting of American History." That article made a special plea for the impartial rewriting of history, either when the older history is in error or when new data have been uncovered. The legend about which Mr. Wasson writes is only one of many in our record. Either accidentally or by design, writers misrepresent facts, invent details, and eventually present a distorted picture. Often

these twisted tales are never corrected and pass from one generation to another as true. Even when someone does attempt to revise and re-evaluate a case, critics are apt to cry "whitewash".

Mr. Wasson is especially subject to this criticism. As an official in the Morgan concern, he may well be prejudiced. But the author has not tried to make J. P. Morgan into a humanitarian or to give him "wings and a harp." Wasson simply presents the Hall carbine transaction in the light of evidence not formerly considered (or at least not previously included in biographies of Morgan).

Of course, the Hall carbine affair in itself is not important. The significant element is that Wasson has set straight an error in the record, compensating to a small degree for the mountain of misinformation on our business heritage. He has told the story as it happened—clearly establishing the facts that Morgan did not purchase the five thousand rifles from the government but merely loaned money to the man who did buy the arms; that Morgan did not take exorbitant profits on the deal (although he *did* profit substantially on the loan); that the rifles were not condemned (although they were deemed obsolete); and that the U. S. Army paid no more than a "fair price" for the guns, considering the critical need and the prices on the open market. A legend has thus been destroyed.

More books like this which present full and accurate accounts of the business world need to be written. Business leaders can help by making their records available to competent scholars and by encouraging the writing of objective business histories.

C. CLYDE JONES

Assistant Professor of Economics

Atlanta Division, University of Georgia

Atlanta Division
UNIVERSITY OF GEORGIA
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Atlanta 3, Georgia

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